

FY2019 Q3 Results

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Brother Industries, Ltd.

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

1. Consolidated results

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change (w/o fx impact)	2018 3Q YTD	2019 3Q YTD	Change (w/o fx impact)
Sales Revenue	178,127	166,395	-6.6% (-2.9%)	521,817	484,883	-7.1% (-3.8%)
Business Segment profit	22,052	18,327	-16.9%	60,415	54,492	-9.8%
Operating profit	23,640	18,896	-20.1%	61,672	55,423	-10.1%
Net Income	17,954	14,290	-20.4%	46,508	41,566	-10.6%
ROS(Business Segment profit)	12.4%	11.0%	-	11.6%	11.2%	-
ROS(Operating profit)	13.3%	11.4%	-	11.8%	11.4%	-
Yen-USD	112.83	108.98	-	110.82	109.10	-
Yen-Euro	129.19	120.65	-	129.38	121.46	-
Yen-GBP	144.48	139.55	-	145.83	138.34	-

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
Sales Revenue	683,972	642,000	-6.1% (-2.5%)	642,000	642,000	-
Business Segment profit	71,973	60,000	-16.6%	60,000	60,000	-
Operating profit	71,925	60,500	-15.9%	60,500	60,500	-
Net Income	53,902	44,500	-17.4%	44,500	44,500	-
ROS(Business Segment profit)	10.5%	9.3%	-	9.3%	9.3%	-
ROS(Operating profit)	10.5%	9.4%	-	9.4%	9.4%	-
Yen-USD	110.69	108.53	-	108.53	108.53	-
Yen-Euro	128.43	120.62	-	120.62	120.62	-
Yen-GBP	145.68	133.89	-	133.89	133.89	-

2. Balance sheet

(Millions of yen)

	2018 Full Year Act	2019 3Q Act	Change
Current assets	384,930	376,506	- 8,424
Non-current assets	323,673	337,111	13,437
Current liabilities	149,844	137,162	- 12,681
Non-current liabilities	117,166	115,628	- 1,538
Equity attributable to owners of the parent company	424,759	444,170	19,411
Total assets	708,604	713,617	5,013
Cash & cash equivalents	131,152	116,643	-14,508
Interest-bearing debt	96,792	77,612	-19,180
DER*	0.23	0.17	—
Equity ratio attributable to owners of the parent company	59.9%	62.2%	—

* DER = Interest-bearing debt / Equity attributable to owners of the parent company

3. Cash flows

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change	2018 3Q YTD	2019 3Q YTD	Change
Net cash provided by operating activities	17,906	22,035	4,129	45,488	53,210	7,721
Net cash used in investing activities	- 6,583	- 6,138	444	- 15,551	- 21,437	- 5,886
Net cash used in financing activities	- 28,483	- 10,296	18,187	- 38,582	- 42,384	- 3,801
Cash and cash equivalents at end of period	110,680	116,643	5,962	110,680	116,643	5,962

4. Sales Revenue by business segment

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change (w/o fx impact)	2018 3Q YTD	2019 3Q YTD	Change (w/o fx impact)
Printing & Solutions	108,741	103,919	-4.4% (-0.2%)	307,346	297,166	-3.3% (+0.6%)
Communications and Printing equipment	96,146	91,330	-5.0% (-0.8%)	270,566	260,315	-3.8% (+0.1%)
Electronic stationery	12,594	12,589	-0.0% (+4.6%)	36,780	36,851	0.2% (+4.1%)
Personal & Home	14,073	11,605	-17.5% (-13.4%)	35,488	31,486	-11.3% (-7.6%)
Machinery	22,461	18,613	-17.1% (-14.8%)	81,779	57,927	-29.2% (-27.6%)
Industrial sewing machines	8,706	7,458	-14.3% (-10.3%)	24,955	21,830	-12.5% (-9.2%)
Machine tools	8,754	6,804	-22.3% (-20.9%)	41,937	22,990	-45.2% (-44.4%)
Industrial Parts	5,000	4,351	-13.0% (-11.9%)	14,886	13,106	-12.0% (-11.1%)
Network & Contents	12,391	12,482	0.7% (+0.8%)	35,673	37,669	5.6% (+5.7%)
Domino	17,841	17,240	-3.4% (+1.6%)	52,558	50,755	-3.4% (+1.8%)
Others	2,619	2,533	-3.3% (-3.3%)	8,969	9,876	10.1% (+10.1%)
G. total	178,127	166,395	-6.6% (-2.9%)	521,817	484,883	-7.1% (-3.8%)

	2018 Full Year Act	2019 Full Year Fct	Change (w/o fx impact)	2019 Previous Forecast	2019 Revised Forecast	Change (w/o fx impact)
Printing & Solutions	403,036	387,300	-3.9% (+0.2%)	387,300	387,300	-
Communications and Printing equipment	353,120	338,600	-4.1% (+0.0%)	338,600	338,600	-
Electronic stationery	49,916	48,700	-2.4% (+1.6%)	48,700	48,700	-
Personal & Home	45,445	41,800	-8.0% (-4.3%)	41,800	41,800	-
Machinery	104,130	79,800	-23.4% (-21.6%)	79,800	79,800	-
Industrial sewing machines	32,626	29,600	-9.3% (-5.8%)	29,600	29,600	-
Machine tools	51,768	31,900	-38.4% (-37.4%)	31,900	31,900	-
Industrial Parts	19,735	18,300	-7.3% (-6.1%)	18,300	18,300	-
Network & Contents	47,926	50,600	5.6% (+5.6%)	50,600	50,600	-
Domino	71,234	67,400	-5.4% (+0.8%)	67,400	67,400	-
Others	12,198	15,100	23.8% (+24.1%)	15,100	15,100	-
G. total	683,972	642,000	-6.1% (-2.5%)	642,000	642,000	-

5. Business Segment profit by business segment

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change	2018 3Q YTD	2019 3Q YTD	Change
Printing & Solutions	16,592	14,558	-12.3%	43,358	45,788	5.6%
Personal & Home	2,343	1,438	-38.6%	3,358	2,372	-29.3%
Machinery	1,694	777	-54.1%	8,775	1,633	-81.4%
Network & Contents	656	842	28.3%	1,264	1,943	53.7%
Domino	643	769	19.5%	3,089	2,692	-12.9%
Others	185	-46	-	697	277	-60.3%
Adjustment	-63	-11	-	-128	-215	-
G. total	22,052	18,327	-16.9%	60,415	54,492	-9.8%

	2018 Full Year Act	2019 Full Year Fct	Change	2019 Previous Forecast	2019 Revised Forecast	Change
Printing & Solutions	52,181	50,400	-3.4%	50,400	50,400	-
Personal & Home	4,037	2,700	-33.1%	2,700	2,700	-
Machinery	9,753	1,500	-84.6%	1,500	1,500	-
Network & Contents	1,778	1,900	6.8%	1,900	1,900	-
Domino	3,948	3,700	-6.3%	3,700	3,700	-
Others	436	-200	-	-200	-200	-
Adjustment	-161	-	-	-	-	-
G. total	71,973	60,000	-16.6%	60,000	60,000	-

6. Operating profit by business segment

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change	2018 3Q YTD	2019 3Q YTD	Change
Printing & Solutions	17,686	15,065	-14.8%	43,934	46,174	5.1%
Personal & Home	2,450	1,604	-34.5%	3,374	2,474	-26.7%
Machinery	1,710	750	-56.1%	8,954	1,640	-81.7%
Network & Contents	670	798	19.0%	1,204	1,945	61.5%
Domino	921	682	-25.9%	3,409	2,657	-22.1%
Others	265	6	-	922	745	-19.1%
Adjustment	-63	-11	-	-128	-215	-
G. total	23,640	18,896	-20.1%	61,672	55,423	-10.1%

	2018 Full Year Act	2019 Full Year Fct	Change	2019 Previous Forecast	2019 Revised Forecast	Change
Printing & Solutions	52,903	50,800	-4.0%	50,800	50,800	-
Personal & Home	4,028	2,700	-33.0%	2,700	2,700	-
Machinery	9,910	1,400	-85.9%	1,400	1,400	-
Network & Contents	1,593	1,700	6.7%	1,700	1,700	-
Domino	2,864	3,900	36.1%	3,900	3,900	-
Others	786	0	-	0	0	-
Adjustment	-161	-	-	-	-	-
G. total	71,925	60,500	-15.9%	60,500	60,500	-

7. Sales revenue by region

(Millions of yen)

	2017 Full Year Act	2018 Full Year Act	Change
The Americas	209,602	208,916	-0.3%
Europe	181,224	180,341	-0.5%
Asia & Others	201,162	170,293	-15.3%
Japan	121,008	124,421	2.8%
G. total	712,997	683,972	-4.1%

8. R&D Expenses / Capex / Depreciation & Amortization

(Millions of yen)

	2018 3Q Act	2019 3Q Act	Change
R&D Expenses	10,320	10,556	236
Capex	6,501	5,723	- 778
Depreciation & Amortization	8,399	7,809	- 589

	2018 3Q YTD	2019 3Q YTD	Change
	31,064	31,429	364
	18,244	17,087	- 1,157
	25,181	23,752	- 1,429

	2018 Full Year Act	2019 Full Year Fct	Change
R&D Expenses	43,259	44,900	1,640
Capex	27,030	34,000	6,969
Depreciation & Amortization	33,674	31,300	- 2,374

	2019 Previous Forecast	2019 Revised Forecast	Change
	44,900	44,900	-
	34,000	34,000	-
	31,300	31,300	-

*Excluding acquisition and depreciation of right-of-use assets pursuant to application of IFRS 16 Leases.

9. Other Financial Data

	2017 Full Year Act	2018 Full Year Act
ROE	13.5%	13.1%
ROA	7.2%	7.6%
EPS	192.63	207.54
Dividend per Share	54.0	60.0
Dividend payout ratio	28.0%	28.9%

10. Exchange rates

	2018 3Q Act	2019 3Q Act
Yen-USD	112.83	108.98
Yen-Euro	129.19	120.65
Yen-GBP	144.48	139.55

	2017 Full Year Act	2018 Full Year Act	2019 Full Year Fct
	110.81	110.69	108.53
	129.45	128.43	120.62
	147.27	145.68	133.89